

DTX 1237

(USPS-ADS-0000592851)

(Redacted)

[REDACTED] : All redactions proposed by
[REDACTED] : the United States

Additional information

[REDACTED] : covered by confidentiality
objections of third parties

From: Guilfoil, Mark A - Washington, DC <O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=9B101F23DB4A4D14A11B4498BB00BEBF-GUILFOIL, M>
To: Pompanella, Karen A - Washington, DC; Judkins, Makeia L - Washington, DC; Kallat, Prashanth - Washington, DC
CC: Willins, Katie A - Washington, DC; Chang, Steve - Washington, DC; Karpenko, Christopher J - Washington, DC; Pasco, Brian L - Washington, DC; Holman, Sheila B - Washington, DC; Monteith, Steven W - Washington, DC
Sent: 3/29/2022 6:23:33 PM
Subject: RE: OPM - Universal McCann - est amount \$137M - Beginning April 1
Attachments: Order Placement Memo - UM Year 2.1 (002) KP Review.docx

Karen/Prashanth:

Attached OPM for Task Order placement to Universal McCann in the value of \$ [REDACTED] for media purchases and related services is approved.

Please proceed with required communications and order issuance.

Mark A. Guilfoil
Vice President
Supply Management
United States Postal Service

475 L'Enfant Plaza SW Room 1012 | Washington DC 20260-6201

[REDACTED]
mark.guilfoil@usps.gov

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From: Pompanella, Karen A - Washington, DC <karen.a.pompanella@usps.gov>
Sent: Tuesday, March 29, 2022 10:14 AM
To: Guilfoil, Mark A - Washington, DC <mark.guilfoil@usps.gov>; Judkins, Makeia L - Washington, DC <Makeia.L.Judkins@usps.gov>
Cc: Kallat, Prashanth - Washington, DC <Prashanth.Kallat@usps.gov>; Willins, Katie A - Washington, DC <Katherine.Willins@usps.gov>; Chang, Steve - Washington, DC <YuTe.S.Chang@usps.gov>
Subject: RE: OPM - Universal McCann - est amount \$137M - Beginning April 1

Mark –

Attached for your review and approval is the Order Placement Memorandum (OPM) for Universal McCann (UM) for Media Strategy, Planning and Buying services, valued at \$ [REDACTED]. This covers the first year's period of performance period commencing April 1, 2022, through March 31, 2023. The new UM contract is an Indefinite Delivery, Indefinite Quantity (IDIQ) contract that has a contract minimum amount of \$1M and maximum of [REDACTED]. The period of performance for the master IDIQ contract is a potential five year contract that includes a two (2) year base period with three (3) additional one year options.

Since the contracting officer is establishing the price of an order for services that is based upon a pricing method other than quantities applied to fixed unit prices and the order is valued at \$1 million or more, higher level reviews and approvals are required by a Contracting Officer with appropriate delegated authority.

I have reviewed the OPM and I concur with its analysis and approach.

Please let us know if you have any questions.

Thank you.

Karen



From: Kallat, Prashanth - Washington, DC <Prashanth.Kallat@usps.gov>
Sent: Monday, March 28, 2022 10:42 AM
To: Pompanella, Karen A - Washington, DC <karen.a.pompanella@usps.gov>
Subject: FW: OPM - Universal McCann - est amount \$137M

Karen,

I have completed my review, concur and am forwarding a request for a Task Order Order Placement Memo (OPM) approval with Universal McCann (UM) for Media Strategy, Planning and Buying services, valued at \$ [REDACTED] for performance period estimated April 1, 2022, to March 31, 2023.

The new UM contract is an Indefinite Delivery, Indefinite Quantity (IDIQ) contract that will be competitively awarded on March 29, 2022 with a contract minimum amount of \$1M and maximum of [REDACTED]. The period of performance for the master IDIQ contract is a potential five year

contract that includes a two (2) year base period with three (3), additional one year options.

The prior UM contract is an Indefinite Delivery, Indefinite Quantity (IDIQ) contract that was competitively awarded on December 19, 2012 with a contract minimum amount of \$10,000 and maximum of \$1B. The period of performance for the prior master IDIQ contract is a three (3) year base period with three (3), additional two year options. Currently, this contract will end on July 31, 2022.

On a yearly basis since inception of contract, there is a yearly Task Order executed for Media Strategy, Planning and Buying services that is established from the Master IDIQ contract 2ACCSR-22-B-0002 sponsored from the CCMO and this request is for the same for FY 2022/23. The prior Task Order was approved by the Acting VP of Supply Management, Martin Petrey under the prior contract on February 2, 2021. The prior Task Order 2ACCSR-21-C-0016 will end March 31, 2022.

Since the contracting officer is establishing the price of an order for services that is based upon a pricing method other than quantities applied to fixed unit prices and the order is valued at \$1 million or more, higher level reviews and approvals are required by a Contracting Officer with appropriate delegated authority. As per Supplying Principles & Practices, section 2-41.6, Actions Exceeding a Contracting Officer's Delegated Authority, and 7-1.1, Contracting Officer Levels, with Review and approval authority as described in Section 2-41.3.2, Reviews and Approvals of Contract Awards, Modifications, and Ordering Agreements, I am hereby requesting VP, SM approval since this Task Order is valued at \$15 million or more.

The attached OPM has focused on whether the order conforms to the terms and conditions contained in the contract, including any order limitations; whether the established order price is reasonable if fixed price and other aspect of the process that may affect whether the Postal Service's delivery needs will be met.

Thanks.

Prashanth Kallat
Contracting Officer
Manager, Professional & Technical Services
The United States Postal Service
20 [REDACTED]

From: Willins, Katie A - Washington, DC <Katherine.Willins@usps.gov>
Sent: Friday, March 25, 2022 11:20 AM
To: Kallat, Prashanth - Washington, DC <Prashanth.Kallat@usps.gov>
Cc: Chang, Steve - Washington, DC <YuTe.S.Chang@usps.gov>
Subject: FW: OPM - Universal McCann - est amount \$137M

Hi Prashanth –
Please see attached OPM for the year one task order of contract 2ACCSR-22-B-0002, Universal McCann. The purpose of this task order to procure the Postal Service media strategy, planning, and buying services for the first year of the base period. I'm requesting your concurrence as this exceeds my delegated authority with a total estimated amount of [REDACTED]

Thank you,
Katie Willins
[REDACTED]

From: Chang, Steve - Washington, DC <YuTe.S.Chang@usps.gov>
Sent: Friday, March 25, 2022 10:28 AM
To: Willins, Katie A - Washington, DC <Katherine.Willins@usps.gov>
Subject: OPM - UM Year 2.1

Hi Katie,

Please review the attached OPM draft for UM Year 2.1.

Thx,

Steve Chang | USPS Purchasing & SM Specialist | Advertising & Creative Services | Phone: [REDACTED]
yu.te.s.chang@usps.gov



ORDER PLACEMENT MEMORANDUM:
Universal McCann Year 2.1 Task Order

Commented [GMAWD1]: ?

3/29/2022

1.0 General Information

Supply Management Portfolio:	Commercial Products & Services
Category Management Center:	Professional & Technical Services
Supplier(s) Name(s):	Universal McCann
Contract / Delivery/Task Order Number:	2ACCSR-22-B-0002, TO# TBD
Solicitation Number:	N/A
Competitive / Noncompetitive	Noncompetitive
Contract Type	Firm-Fixed-Price (FFP)
Modification Type I:	Other
Modification Type II:	N/A
Contract Min / Max:	\$1,000,000 / [REDACTED]
Order Amount Requested:	[REDACTED]
Specific Clause or Other:	N/A
Modification Value:	N/A

2.0 Contract Description

The Universal McCann (UM) contract is an Indefinite Delivery, Indefinite Quantity (IDIQ), contract that was noncompetitively awarded on March 29, 2022, with a minimum value of \$1M and a maximum of [REDACTED]. The period of performance for the IDIQ contract is a two (2) year base period with three (3) additional one-year option periods. This task order will be performed under the base period of the contract which was approved by Mark A. Guilfoil, Vice President of Supply Management, on March 25, 2022, and will be effective on April 1, 2022.

3.0 Order Description

The purpose of this requirement is to procure the Postal Service media strategy, planning, and buying services for the first year of the base period. Annual task order naming convention will adopt the following format:

Base Period Year 1 – Year 2.1
Base Period Year 2 – Year 2.2
Option Period Year 1 - Year 2.3
Option Period Year 2 – Year 2.4
Option Period Year 3 – Year 2.5

Commented [GMAWD2]: OK, explains the above.
Appreciated.

Under the prior contract, UM was awarded task order 2ACCSR-21-C-0016 on February 3, 2021, for Year 9 of Postal Service media strategy, planning, and buying services under the separate master IDIQ contract 2ACCSR-13-B-0006. The Year 9 task order was a firm fixed price (FFP) order, awarded for a total of [REDACTED] and its Period of Performance was scheduled to end on January 31, 2022. This order was [REDACTED], which was extended for two (2) additional months to allow additional time for finalizing this new noncompetitive IDIQ contract 2ACCSR-22-B-0002. Therefore, for continuation of work, a new task order is needed for Year 2.1.

The contracting officer (CO) is seeking to award a new task order under the IDIQ contract 2ACCSR-22-B-0002 for Year 2.1 as detailed in the Statement of Work (SOW) below.



Contract Year 2022
SOW 31522.docx

This scope will be reviewed by the Internal Business Partner (IBP) on a monthly basis to ensure that the assumptions remain intact and the overall requirements have not changed. The key marketing efforts that UM will be involved with include Equity Campaigns, National Product Rollout, Lead Generation and Content Marketing, National Corporate Priority Campaigns, National Postal Forum, Local Effort, Search Effort, Social-Only Efforts, National Corporate Programs, Online Listings, Search Engine Optimization Services, Agency and Industry Conferences, etc. The assumed channel allocation is a mix of Television, Digital, Search / Online Listings, Print, Radio, Social, and Digital Out-of-Home.

4.0 Technical Evaluation of the Supplier's Approach

The Supply Management (SM) contracting officer (CO) and the IBPs have reviewed and have agreed that the task order technical and cost proposals from the supplier were acceptable. The supplier has proposed adequate resources to complete all tasks and deliverables as identified in the SOW and has proven its technical expertise in the industry through prior work for the Postal Service. A key personnel list was included in the proposal and it contained the names of specific individuals who have been assigned to the Postal Service account. The list described the relevant work experience and qualifications of these key personnel in fulfilling the requirements outlined in the SOW. Should there be any replacements to these individuals during performance, UM is required to provide substitutes and obtain approval from the CO and IBP before proceeding. Clause 4-8 Key Personnel is included in the IDIQ contract,



KEY PERSONNEL - IBP approval.msg
Contract Year 2022.dic

5.0 Fair and Reasonable Analysis

5.1 Discussions and Negotiations

The Advertising & Creative Services CMT and Brand Marketing teams conducted numerous discussions with the supplier prior to this task order being finalized and recommended for award. Specifically, the teams met with the supplier to discuss the overall scope of deliverables multiple times between November 1, 2021, and March 15, 2022, to ensure that the supplier was taking appropriate measures to manage costs. While specific labor rates are incorporated and are fixed locked in under the IDIQ base period, the Postal Service teams worked to ensure that the labor hour mix proposed was appropriate given the deliverables outlined in the SOW using IBP expertise and historical pricing as guiding factors. Out of Pocket (OOP) costs were given the same analysis. These OOP costs are still estimates given the high-level deliverables identified in the SOW and are not guaranteed to the supplier as they are cost reimbursable line items. The labor mix, OOP costs, and all deliverables were analyzed to ensure not only the optimal amounts required for this effort, but to ensure that the Postal Service was only receiving deliverables that it specifically required and that would provide the greatest return on investment to the Postal Service.

5.2 Price/Cost Analysis and Price Reasonableness



TPP.msg

See below for a breakdown of the total cost.

The overall proposed budget for Year 2.1 is \$137,021,402

Projected Breakdown:

- Media Budget: [REDACTED]
- UM Labor Fee: [REDACTED]
- UM Media Buying Fee: [REDACTED] (Based on agreed upon 2% Media Fee)
- UM Travel: [REDACTED]
- Total Cost: [REDACTED]

Media Budget

UM receives no profit or General and Administrative (G&A) / Overhead compensation related to these purchases. As the total demand for "Media Budget" is entirely determined by the Postal Service and its required level of effort, the fixed price for these services is controllable and manageable by the Postal Service each year.

To manage the annual task order Media Budget costs, UM purchases media on behalf of the Postal Service and leverages its buying power through consolidation in its purchases "clout" in the industry as well as the dollar value of the media it purchases on behalf of its clients to achieve economies of scale and to obtain discounts in the marketplace. UM enters the media buying market as part of "MAGNA" which includes other agencies such as Initiate and BPN to increase the total value of its media purchases and to establish a stronger purchasing power position.

The Postal Service achieves further savings in "Media Purchases" by working with UM to lock in the rates for the entire fiscal year in advance, thus achieving savings by avoiding costs associated with market inflation and rising costs of media purchases over time. This year the Postal Service achieved an additional [REDACTED] in savings through the up-front purchase process. This figure is derived from the difference of the inflation rates in purchases through weighted "MAGNA" versus market rates.

Broadcast had a weighted difference of [REDACTED] (weighted market [REDACTED] minus [REDACTED] weighted MAGNA = [REDACTED]) Cable had a weighted difference of [REDACTED] (weighted market [REDACTED] minus [REDACTED] weighted MAGNA = [REDACTED]) Hispanic had a weighted difference of [REDACTED] (weighted market [REDACTED] minus [REDACTED]) The sum of these three (3) different percentages is [REDACTED]

FY20/21	Weighted MAGNA	Weighted Market	Weighted Difference	Percentage of Spend
Broadcast	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Cable	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hispanic	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

When the "MAGNA" rates are compared against the overall media purchasing marketplace, the "MAGNA" or UM rates for the Postal Service are lower than the market in every category for the 2020-2021 Broadcast Year. The below chart is representative of MAGNA / UM as a whole. MAGNA was able to achieve below market rates [REDACTED]

MAGNA

BYU 2020/21 MAGNA vs Marketplace TV Inflation Report

Daypart	Marketplace	MAGNA	ADV
Primetime (Broadcast)			
Early Morning (Broadcast)			
Evening News (Broadcast)			
Sports Average			
Hispanic Average			
Cable Average			
Cable News Average			

Notes

Marketplace sources; Media Dynamics, Industry Publications and MAGNA Intelligence
Straight Averages are supplied
BYU Marketplace Data

UM Labor Fee

The agency is proposing costs requesting funding in the amount of \$7,431,402 for Year 2.1 Labor fees. The Labor fees account for a total of 54,912 hours. See Staffing Plan and the breakdown of funds required below for Year 9 and Year 2.1.

Year 9:

Department	USPS Title	Hours			Yr 9 Planning Fee
		Hours FTE x 2080	FTE	Yr 9 Rate	
1. Account Management	Group Director Associate Director Associate Director Supervisor				
1. Account Management Total					
2. Portfolio Management	Group Director Associate Director Associate Director Supervisor Supervisor Planner Planner Assistant Planner Assistant Planner Group Director				
2. Portfolio Management Total					
3. Strategy & Measurement	Associate Director Group Director Associate Director Associate Director Group Director Associate Director Planner Associate Director Group Director Planner Associate Director Associate Director Planner Group Director Associate Director Supervisor Planner Planner				
3. Specialty Total					
4. Integrated Investment	Group Director Group Director Associate Director Group Director Associate Director Associate Director				
4. Integrated Investment Total					
5. Legal	Associate Director				
5. Legal Total					
6. Search Engine Optimization	Group Director Associate Director Supervisor Planner Technology Fee				
6. SEO Total					
TOTAL FEE					

Year 2.1:

Department	USPS Title
1. Account Management	Group Director Associate Director Associate Director Supervisor
1. Account Management Total	
2. Portfolio Management	Group Director Associate Director Associate Director Associate Director Supervisor Group Director
2. Portfolio Management Total	
3. Integrated Media	Planner Planner Planner Planner Planner Assistant Planner Assistant Planner Assistant Planner Assistant Planner Assistant Planner
3. Integrated Media Total	
4. Strategy/Measurement/Studio	Group Director Associate Director Supervisor Group Partner Associate Director Planner Associate Director Group Director Associate Director Associate Director Associate Director Planner Group Director Associate Director Associate Director Planner Planner
4. Specialty Total	
5. Integrated Investment	Group Director Group Director Associate Director Group Director Associate Director Associate Director
5. Integrated Investment Total	
6. Legal	Associate Director
6. Legal Total	
7. Search Engine Optimization	Group Director Associate Director Supervisor Planner Planner Technology Fee
7. SEO Total	
TOTAL FEE	

From the table above, it can be noted that the total number of labor hours has increased from [REDACTED] hours and the total labor cost has also increased from [REDACTED] from Year 9 to Year 2.1, respectively. The increase in total labor cost is mainly attributed to additional scope of work laid out by Brand Marketing to include additional efforts and projects initiated by the Postal Servicemaster General's office.

The agreed upon labor category rates of the IDIQ contract was awarded in 2022 (annual escalation of labor costs) and these rates have been verified to be aligned with the rates under the Base Period for the IDIQ contract 2ACCSR-22-B-0002. These rates were previously determined as fair and reasonable when the IDIQ contract was awarded on March 29, 2022. The award recommendation was approved by the Vice President of Supply Management on March 25, 2022. See documents below.



Award
Recommendation VP

Labor Category
Group Media Director (or Equivalent)
Associate Media Director (or Equivalent)
Media Supervisor (or Equivalent)
Media Planner (or Equivalent)
Assistant Media Planner (or Equivalent)

In addition, the Consumer Price Index (CPI) for New York City, where UM's headquarter is located, exhibited an annual average rate of 3.3% in 2021 according to the data provided by the Department of Labor. Comparing the CPI against the negotiated final annual escalation rate (Offer 4 in above chart) supports the CO's determination that the final negotiated rates are both fair and reasonable.



CPI 2021.pdf

Per the 4A's (American Association of Advertising Agency) "Labor Billing Report – Hourly Billing Rates for Ad Professionals," each of the five (5) negotiated labor category rates with UM for the

new contract base period was below the 4A's average with the exception of the "Assistant Media Planner." The 4A's report did not have data for this position; hence, another source was used for comparison. Salary.com showed the rate charged by UM for Assistant Media Planner is well below the average rate in the industry. This comparison was based on the only available information for a direct labor compensation hourly rate whereas the 4A's data comparison was for a fully burden hourly rate. The CO determined that each labor category rate was fair and reasonable when compared to market reports.

4As 2021 Labor Assistant Media
Billing Rate Report-MPlanner Salary in New.

Labor Category	Year 1 - 2022	Year 2 - 2023	4A's hourly billing rate	Salary.com hourly billing rate
Group Media Director (or Equivalent)				
Associate Media Director (or Equivalent)				
Media Supervisor (or Equivalent)				
Media Planner (or Equivalent)				
Assistant Media Planner (or Equivalent)				

*Salary.com direct Labor rates are not available for the 4 labor categories since they are industry specific

The rates are in accordance with the IDIQ and the scope / hours for this effort have been approved by the IBP.



IBP approval.msg

UM Media Buying Fee

Projected media budget:

Media Buying Fee:

Total Media Buying Fee:

*Note: Projected percentage of digital media in Year 2.1 is [REDACTED]

The "Media Buying Fee" is calculated through an incorporated Compensation Model awarded with the IDIQ below:

% Local + Digital Comprising USPS Media Mix	Media Buying Fee as % of USPS Spend
[REDACTED]	[REDACTED]

This "Media Buying Fee" percentage is based on the predicted media mix of local and digital channels for the upcoming fiscal year. This mix is determined by the Postal Service and is purely dependent on the fiscal media budget (Cost Driver 1: Media Purchase) of Brand Marketing. With the rise of the digital platform, the Postal Service has exceeded the 30% media mix, which is capped at 1.75% for the media fee, for the past four (4) years. The projection of future digital mix will continue to increase to around 50% and the new media fee will be capped at 2%. The 0.25% rate increase is considered reasonable as UM charges a 4.2% media fee to its non-governmental clients. Additionally, the media buying fee for traditional channels ranges from 1.5% to 6% and from 5.5% to 10% for digital channels according to the report from the Association of National Advertisers.

UM Travel

"Travel Costs" for UM are reimbursed on a cost basis (no markup allowable), and travel is approved on an as-needed basis by the Contracting Officer's Representative (COR). All travel is conducted in accordance with the Postal Service Handbook F-15.

In summary, the CO has determined that the order price is considered fair and reasonable.

6.0 Availability of Funds

The IBP has funds available for this task order and has submitted the necessary eBuyPlus requisition.



Requisition
#3407772.pdf

7.0 Administrative Validations and Other Considerations



UM VETS4212
2021.pdf



SAM 031522.pdf



DACP 031522.pdf



SAM 032322.pdf



DACP 032322.pdf

8.0 Disclosure Committee

Disclosure Committee action (SPs and Ps Section 2-42.1) is required as the task order is greater than or equal to \$50M. Advance Notice to Corporate Communications will be required. Both of these notifications will be sent in accordance with the established timelines.

9.0 Recommendation

Subsequent to the above noted review of relevant pricing, analysis of price / cost, execution of final negotiations / discussions, and the subsequent determination that the order price is considered fair and reasonable, it is recommended to award the task order for Postal Service Media Strategy, Planning, and Buying Services for Year 2.1 to Universal McCann in the amount of [REDACTED]. The period of performance for the Year 2.1 task order will be April 1, 2022, to March 31, 2023.

10.0 Attachments, Reviews, Concurrences, & Approvals

List of Attachments:

- Statement of Work
- IBP approval
- Technical and Pricing Proposals
- IDIQ Award Recommendation / Approval Email
- CPI Report NYC
- 4As Labor Billing Report 2021
- Salary.com Report
- Approved eBuy
- SAM check
- Debarred List
- VETS 4212

Signature

	Prepared and Recommended: Steve Chang	Printed Name
	Purchasing & Supply Management Specialist	Title

Signature

 IBP approval.msg	Client Concurrence: Brian Pasco	Printed Name
	Media Marketing Specialist, Marketing Services	Title

Signature

	CO Concurrence: Katie Willins	Printed Name
	Team Lead Advertising & Creative Services	Title

Signature

	CMC Manager Concurrence: Prashanth Kallat	Printed Name
	Executive Director Professional & Technical Services	Title

Signature

	Portfolio Manager Concurrence: Karen A. Pompanella	Printed Name
	Senior Director Commercial Products & Services	Title

Signature

	VP Supply Management Approval: Mark A. Guilfoil	Printed Name
	Vice President Supply Management	Title